

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTH SHELBY WATER)	
COMPANY FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO CONSTRUCT)	98-476
AND FINANCE PURSUANT TO THE PROVISIONS OF)	
KRS 278.020 AND KRS 278.023)	

O R D E R

On August 25, 1998, North Shelby Water Company ("North Shelby Water") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$1,153,900 waterworks improvement project and for approval of its plan of financing for this project. This project will provide new service to 156 additional customers. Project funding is a \$288,500 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Development ("RD"), a \$215,600 grant from the RD, a Community Development Block Grant ("CDBG") of \$576,000, a \$50,000 grant from the Franklin County Fiscal Court, and a \$23,800 contribution from the Applicant.

North Shelby Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U. S. Department of Agriculture or the U. S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing

requirements were met in this case on August 25, 1998, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. North Shelby Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. North Shelby Water's proposed plan of financing with RD is accepted.

3. North Shelby Water is authorized to issue bonds not to exceed \$288,500.

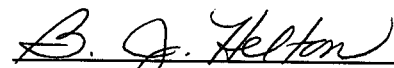
4. North Shelby Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. North Shelby Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), North Shelby Water shall take immediate action to bring the system into compliance with Commission regulations.

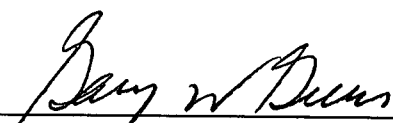
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 11th day of September, 1998.

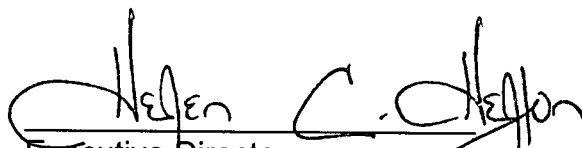
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director